

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-02 INR-07 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 OMB-01 AF-06 ARA-06 EA-06 NEA-10 /120 W

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O R 311426Z JUL 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 0000

INFO USDEL MTN GENEVA

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EAGR, ETRD, CA

SUBJECT: EGG QUOTAS

PASS AGRICULTURE FOR FAS/GWHITE

1. SENIOR ASSISTANT DEPUTY MINISTER OF ITC TOM BURNS CALLED ECON COUNSELOR AND AGATT IN JULY 30 TO RECEIVE GOC REACTION TO DISCUSSIONS ON EGG QUOTAS AT JULY 18 MEETING IN WASHINGTON. OTHER ITC OFFICIALS AND OFFICIALS FROM EXTAF, FINANCE AND AGRICULTURE WERE PRESENT.

2. BURNS SAID GOC WAS AWARE THAT MAJOR PROBLEM FOR U.S. WAS LACK OF SYMMETRY IN EGG MARKETING SITUATION, I.E. WITH U.S. SALES TO CANADA RESTRICTED BUT CANADIAN EGGS ENJOYING FREE ACCESS TO U.S. MARKET. MATTER HAD BEEN DISCUSSED AT MINISTERIAL LEVEL AND MINISTERS HAD DECIDED IN PRINCIPLE TO RESTRAIN EXPORTS. BURNS HAD BEEN AUTHORIZED TO PROPOSE THAT RESTRAINT LEVEL
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BE DETERMINED BY FORMULA ANALAGOUS TO THAT USED TO

DETERMINE IMPORT QUOTAS, NAMELY AVERAGE CANADIAN EXPORTS TO U.S. DURING PERIOD 1969-73 PLUS 20 PERCENT COMPARED TO AVERAGE U.S. REPEAT U.S. PRODUCTION WOULD YIELD PERCENTAGE FORMULA. FOR CY75 THE RESTRAINT LEVEL WILL BE 178,000 CASES; HOWEVER GOC UNABLE STATE REMAINING BALANCE. CY75 LEVEL IS SIMPLE AVERAGE OF 69/73 EXPORTS PLUS 20 PERCENT. FORMULA PERCENTAGE WOULD BE APPLIED TO USDA ESTIMATED PRODUCTION FOR CY76. NECESSARY ADJUSTMENTS TO CORRESPOND WITH ACTUAL PRODUCTION WOULD BE MADE IN ESTABLISHING RESTRAINT LEVEL FOR CY77. GOC PROMISED TO PROVIDE EMBASSY WITH SOURCE DATA USED IN DEVELOPING RESTRAINT FORMULA AS SOON AS POSSIBLE, HOPEFULLY ON JULY 31. BURNS STATED THAT APPROACH WOULD OFFER COMPLETE SYMMETRY ON SHELL EGGS FOR CONSUMPTION. (IN RESPONSE TO QUESTION, BURNS SAID EGGS SENT IN BOND FOR PROCESSING IN U.S. WOULD NOT BE COUNTED AGAINST EXPORT RESTRAINT LEVEL; IF EXPERIENCE SHOWED THAT THERE WAS SOME "FIDDLING" WITH BONDED EGGS TO GET AROUND QUOTAS OR OTHER PROBLEMS EMERGED, GOC WOULD BE HAPPY TO CONSULT AS TO HOW TO DEAL WITH SITUATION.)

3. BURNS SAID GOC WOULD BE PREPARED TO IMPLEMENT EXPORT CONTROLS ALMOST IMMEDIATELY IF U.S. AGREED TO PROPOSAL. IN ORDER TO MEET REQUIREMENTS OF CANADIAN LEGISLATION, GOC WOULD HAVE TO BE ACTING IN COMPLIANCE WITH AN "INTERNATIONAL UNDERTAKING". THIS COULD BE QUITE INFORMAL. HE SUGGESTED AN EXCHANGE OF LETTERS. HE SAID SOME GOC LAWYERS THOUGHT EVEN AN ORAL REQUEST FROM U.S. WOULD MEET LEGAL REQUIREMENTS BUT HE THOUGHT SOMETHING A BIT MORE SUBSTANTIAL WAS NEEDED.

4. IN ENSUING DISCUSSION, BURNS SAID THAT GOC HAD CONSIDERED 1970-74 BASE PERIOD. THIS WOULD HAVE INCREASED IMPORT QUOTA BUT ALSO EXPORT RESTRAINT LEVEL BECAUSE TRADE IN 1974 HAD BEEN SUBSTANTIALLY HIGHER IN BOTH DIRECTIONS. HE ASSERTED THAT ON NET BASIS U.S. IS BETTER OFF USING 1969-73 BASE THAN 1970-74 BASE.

5. EMBOFFS REITERATED THAT U.S. PREFERRED OPEN MARKET IN EGGS AND THAT U.S. INDUSTRY GREATLY CONCERNED WITH LIMITED OFFICIAL USE

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CANADIAN SYSTEM BOTH WITH RESPECT TO INADEQUATE LEVEL OF IMPORT QUOTA AND OBVIOUS LACK OF BALANCE. EMBOFFS SAID THEY COULD NOT COMMENT ON GOC PROPOSAL FOR EXPORT RESTRAINT BUT WOULD REPORT PROPOSAL TO WASHINGTON AND SEEK USG REACTION ASAP.
PORTER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: MorefiRH
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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